G. R. S. III—1] 1924.

GENERAL AND REVENUE SECRETARIAT.

(Income Tax

NOTES.

File No. 23-24

FILE HEADING.

Relief from double income-tax of dividends taxed both in British India & Mysore State.

From

The Secretary to the Resident in Mysore

No. 8070/123-1917 Dated 13.10.24 Received 13/15.10.24

Diary No.	Enclos./ Spare Copies. –	Serial No. /

BRIEF ABSTRACT OF LETTER.

Forwards copies of correspondence between Messrs Grindlay & Co, Ltd, Calcutta & the Residency in regard to the assessment of Captain C. T. Reed to income-tax in respect of certain dividends & requests that ~~intimation may be given~~ Suggestions for affording relief in such cases may be given

NOTES AND ORDERS.

1) This may be forwarded to the Commr for an expression of his views. Draft Subd.

KW 16/10 ~~The case does not raise any point as~~ ~~which any expression of opinion is now called~~ ~~for. There is at present no arrangement between~~ There is at present no arrangement between the two Govts to avoid double taxation in respect of incomes from dividends on shares The question is whether it is necessary ~~to~~ to enter into any new arrangements in respect

NOTES—First Sheet.

p-17

898

App.F.IX-4]

1924-5 File No. 23-24

Previous References. (G.T.) Serial Nos. 1–4

P R 93/43

Later references.

GENERAL & REVENUE SECRETARIAT

Serial Nos. 4.

Part B for April 1925

SUBJECT

Relief from double incometax of dividends taxed both in British India and Mysore State.

Pol 835 / G.T. 23-24-4 & 1.4.25

Stating that it is desirable to have a reciprocal arrangement between British India & Mysore even in respect of dividends taxed in British India & Mysore state. To The Secy: to the Resident —

G., R. S. III-2]

General and Revenue Secretariat.

J. T File No. 23 of 1924-25

Serial No.

1 [illegible]

Draft Circular

KV 25/25.

4 June

[illegible]

To.

2 The Comm^r of Income Tax no. Fl 22978 29.10.24
calls for opinion -

3 From The Same officer no. C 279 & 16.12.24.
Invites reference to his office
communication of 29.5.25 wherein orders
have been sought regarding the assessment to
income-tax of income which accrues outside
the Mysore State & is received in Mysore &
Vice Versa -

Subd. This question may be considered along with the application of the Sivasamudra Co^y for similar relief in regard to the assessment made on him on his British Indian income which had been also taxed there.

KV 25/25 The Sivasamudram Case is a different Case altogether. It relates to the question of double levy on income from Property accrued outside the State but brought to or received in Mysore and this question has to be considered de novo and may therefore be dealt with separately.

The question under Consideration in this case is as regards double levy of income tax - both in British India and Mysore - on dividends ~~[illegible]~~ on Shares of Companies - the Comm^r of Income Tax

NOTE—Contn. sheet.

has not given his suggestions as regards this particular question as required in this office letter of the 29th October 1924. The ~~Govt~~ proposals as regards general Reciprocity arrangements ~~with the Govt~~ ~~and the suggestions made by the G.T.~~ ~~Commissioner~~ for all classes of income alluded to in the G.T. Com's letter need not be considered in this Connection. The Residency has called for suggestions on a ~~question~~ specific point referred to in audit is whether that we apply now on this point. No suggestion has been made by the G.T. Commr. Reference is only made to the desirability of having an agreement. It is not necessary to decide what should be the terms of agreement that entered into. Reference is invited to the notes of 16-10-24 and the suggestions made therein. As for orders the Residency has sent a reminder for reply to the G.T. Commr.

10 The Commr may be asked to address Govt on the point referred to in para 3 of his letter dated 29/12/24

Recommended

654
27.12

11 "Commr" for "Govt" for reasons explained in the margin of para 3 of the letter forwarded with this office endorsement dated 29/12/24. Govt of Bombay may be requested to address Govt of India on the matter.

27/1

1373/R C 168

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 19

Serial No.

of this class of income and if so what such arrangements should be. ~~extend to~~ The only reasonable and convenient arrangement that suggests itself is to allow the Govt of India to collect tax on dividends declared by Companies in British India and pay tax at the source in British India under the British Indian Act, and to collect tax in Mysore on dividends declared by Companies in Mysore which income tax is deducted at source under the Mysore Income Tax Regn. Whether this arrangement may be suggested to the Residency is for orders

2 The suggested arrangement does not enter into any question calculating of the amount of tax realisable under this or other alternative arrangements It cannot be necessary in such cases to devise a simple and workable arrangement which will ensure the collection of what is actually realisable under one law irrespective of other considerations

Rev Secy) The Comm may be 16/10/26
Comptr

NOTE—Contn. sheet.

Rec'd 24-10

328/17.10

11 Oct

Sir, The copy was sent to you on 16th inst. Please acknowledge receipt.

Rec'd 26/10

G. R. S. III—1] 1924.

GENERAL AND REVENUE SECRETARIAT.

(Income Tax

NOTES.

File No. 23-24

FILE HEADING.

Relief from double income-tax of dividends taxed both in British India & Mysore State.

From

The Secretary to the Resident in Mysore

No. 8070/103-1917 Dated 13-10-24 Received 13/15-10-24

Diary No.	Enclos./	Spare Copies. –	Serial No. /

BRIEF ABSTRACT OF LETTER.

Forwards copies of correspondence between Messrs Grindlay & Co. Ltd, Calcutta & the Residency in regard to the assessment of Captain C. T. Reed to income-tax in respect of certain dividends & requests that ~~intimation may be given~~ Suggestions for affording relief in such cases may be given.

NOTES AND ORDERS.

1) This may be forwarded to the Commr for an expression of his views. Draft Subd.

WW 16/10 ~~The case does not raise any point as which any expression of opinion is now called for. There is at present no arrangement between~~ There is at present no arrangement between the two Govts to avoid double taxation in respect of incomes from dividends on shares. The question is whether it is necessary to enter into any new arrangements in respect

NOTES—First Sheet.

General and Revenue Secretariat.

GT File No. 23 2764 of 1924

G

Serial No.

12 Subd. A copy of the G.O. relating to reciprocal arrangements is put up as directed.

WW 3/3 Dy. Secy. 2. Meighan 3 Mar 5/3/25

64 5.1.

13 Rep. to the Rev Secy

14 This may be submitted to Rev & Agri Members

B.O. 25/2

Dy 24.2.25

II Mr

15 The office note seems to have missed the point. Please brief up - with the Reciprocal arrangements file.

Lee 27/2

16 Dy. Secy. Rep

17 Submit the a file to Mr in person with the direction that

18 Any [illegible]

19 Draft [illegible] Mar 9/3

20 Draft Subd WW 4/3 Dy Secy Rev

21 Fair draft This [illegible] 22 Mar 1925

NOTE-Contn. Sheet

6860 25/2/25.

Serial No. 7347 14/3

2nd fair draft submd.
By 13/3
2nd member)
24 Submit to Diwan
15/3/25
Diwan)

mad 14/3/25

mad 16/3/25

1 6 MAR 1925
Reg. No. 6825

25) Is the Secretary will explain this
to me personally.
26/3/25

26) P.C. Give this to me
this morning
28/3.

27) Issue
30/3
3/4

4

Fd 885 of 1.4.25 to the Secy to the Resident, stating that it is desirable to have an understanding ~~note~~ which ~~includes~~ reciprocal arrangements even in respect of dividends also

Pol-No-457 C 168

F. O. 2.—R. P. B.—8-1923.—5,000.

No. 8070 Enclos. / Dated Bangalore, 13th October 1924.

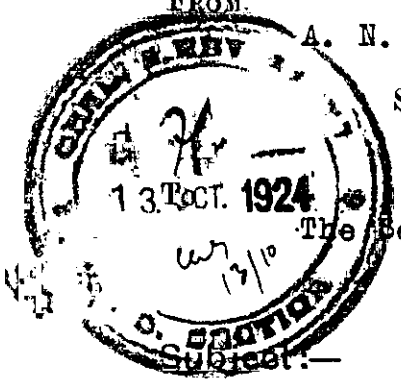
43-1917.

9r 23-24-1 D. 1373

From

A. N. L. Cater, Esq., I.C.S.,

SECRETARY TO THE RESIDENT IN MYSORE.



The Secretary to the Government of Mysore,
Revenue Department.

Subject:—

Arrangements for relief from double income-tax of dividends taxed both in British India and Mysore State.

Sir

I am directed to enclose copies of the correspondence between Messrs. Grindlay and Co., Ltd., Calcutta and this office, in regard to the assessment of Captain C. T. Reed to income-tax in respect of certain dividends and to request that the Resident may be informed what arrangement the Government of Mysore would suggest for affording relief from double income-tax in such cases. The existing reciprocal arrangements between the Government of India and the Government of Mysore do not provide for cases like the present one, and in view of the correspondence

correspondence referred to, some specific arrangement seems to be necessary.

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT.

BJ

Letter dated the 15th July 1924, from Messrs. Grindlay and Company, Limited, 11, Hastings Street, Calcutta, to the Political Agent, Mysore State, Mysore.

---:0:---

Captain C. T. Reed.

We beg to send you herewith copy of a letter addressed by us to the Deputy Commissioner of Income-tax in Mysore, Bangalore, regarding income tax assessment of Captain C. T. Reed, and we shall feel much obliged if you will kindly give the matter your attention and let us know if the Mysore State is justified in charging a further income-tax on the income of Captain Reed income-tax on which has already been paid to the Government of India at source.

---:0:---

Letter dated the 15th July 1924, from Messrs. Grindlay and Co., Ltd., 11, Hastings Street, Calcutta, to the Deputy Commissioner of Income-tax, Mysore, Bangalore.

---:0:---

Captain C. T. Reed.

We beg to append below the extract of a letter addressed to us by our constituent Captain Chas. T. Reed, residing in Bangalore.

"The Mysore Government has taxed my income on the dividends "from my investments except War Bonds. I appealed on the grounds "that they were free of income-tax which has been paid to the "Collector of Income-Tax, Calcutta; this appeal has been dismissed "and I was informed by the Collector of Income-Tax here (Mysore State) "to apply for a refund from the Collector of Income-Tax, Calcutta. "I shall feel obliged if you will kindly apply to the Collector of "Income-tax, Calcutta, on my behalf for a refund".

From the assessment form granted to Captain Reed by the Income-tax Officer, Bangalore, we observe that the undernoted amounts have been taken into account as his income for the year from 1st July 1922 to 30th June 1923:-

1.	Rs.1,800/-	Salaries (pension)				
2.	" 247/-	from property				
3.	" 861/-	Other sources.				
	Rs.2,908/-	@ 3 pies -	Rs.45	7	0	
		plus	" 45	7	0	for the year ending 30th June 1924.
			Rs.90	14	0	

With

With regard to item No.1, the amount of Rs.4,000/- represents pension from Messrs. Macneill & Co., Calcutta.

The amount of the item No.2, viz. Rs.247/-, Captain Reed states the Mysore Government have charged as rent for his property, although not rented.

The amount of the item No.3, viz. Rs.861/- represents dividends on his shares realised by us between 1st July 1922 and 30th June 1923, and income tax in respect of same was duly paid at source by the Companies to the Government of India at the maximum rate of 18 pies per rupee.

As we have no knowledge of an imposition of income-tax on an assessee by any Native State in India on the income, income-tax on which has already been paid to the Government of India, we shall feel much obliged if you will kindly let us know under what Act and Rules Captain Reed is liable to pay income-tax to the Mysore State on the dividends income tax on which has thus already been paid at source to the Government of India.

An early reply will oblige.

---:0:---

Letter No.6367, dated the 11th August 1924, from the Secretary to the Hon'ble the Resident in Mysore, to Messrs. Grindlay and Co., Ltd., 11, Hastings Street, Calcutta.

---:0:---

Captain C. T. Reed - Assessment to income-tax.

With reference to your letter, dated the 15th July 1924, regarding the assessment of Captain C. T. Reed to Mysore income-tax, I am directed to state that, as the matter is still under correspondence between you and the officers of the Mysore Government, it is premature at present for this Residency to express any opinion on the question at issue. When a reply has been received by you to your letter of the 15th ultimo addressed to the Deputy Commissioner of Income-tax, Mysore, it will be open to you to address this office again, should you consider it necessary or advisable to do so.

---:0:---

Letter

Letter dated the 21st August 1924, from Messrs. Grindlay & Co., Ltd., 11, Hastings Street, Calcutta, to the Secretary to the Resident in Mysore, Bangalore.

---:0:---

A/c Captain C. T. Reed.

We thank you for your letter No.6367/43-1917 of the 11th instant.

We have since heard from the Assistant Commissioner of Income-tax, Mysore, and quote below a paragraph from his letter;-

"The arrangement between the two Governments (Government of India "and Mysore Government) does not exempt the payment of Income-tax in "Mysore on incomes received in Mysore by way of dividends from companies "though taxed in British India. It is for the party to claim refund "from British Indian Officers in such cases which applications it is "understood, are allowed".

This Officer, we are afraid, is not correct when he states in the concluding portion of his letter "It is for the party to claim refund from British Indian Income-tax Officers in such cases which applications it is understood, are allowed". It is not a fact because Captain Reed has been assessed by Mysore Income-tax authorities that the British Income-tax authorities will exempt him from taxation. Captain Reed is liable to be taxed on all income derived from Companies in British India in accordance with his total annual income, and a rebate of tax is only granted in cases where dividends do not amount to Rs.40,000/- per annum.

We are somewhat surprised to learn that there is no arrangement between the Government of India and the Mysore Government to exempt assessees from double taxation in India, and we shall feel much obliged if you will kindly let us know if this is so, and also if you can help us in any way in the matter.

Thanking you in anticipation of an early reply.

---:0:---

Letter No.7306, dated the 10th September 1924, from the Secretary to the Resident in Mysore, to Messrs. Grindlay and Co., Ltd., 11, Hastings Street, Calcutta.

---:0:---

Assessment

Assessment of Captain C. T. Reed to income-tax.

With reference to your letter, dated the 21st August 1924, I am directed to suggest that, in view of the reply given by the Assistant Commissioner of Income-tax, Mysore, you should apply to the Income-tax authorities at Calcutta for a refund of the tax. If you fail to obtain a refund, the Resident will be prepared to consider what steps might then be taken with a view to making arrangements for relief from double income-tax in such cases.

---:0:---

Letter dated the 15th September 1924, from Messrs. Grindlay and Co., Limited, 11, Hastings Street, Calcutta, to the Secretary to the Resident in Mysore, Bangalore.

---:0:---

Assessment of Captain C. T. Reed to income-tax.

We have to acknowledge receipt of your letter No.7306/43-1917 of the 10th instant, for which we thank you.

We beg to repeat that the Assistant Commissioner of Income-Tax, Mysore, is not correct in stating that such a refund is payable here, and we have since heard from the Commissioner of Income-Tax, Bengal, and append below an extract from his letter:-

"Nothing is known here of any right to the refund of British "Indian Income-tax referred to by the Assistant Commissioner of "Income-Tax, Mysore. There are arrangements between the Govern- "ment of India and the Mysore Government for relief in the case "of Income from (a) Salaries (b) Pensions (c)Business, but none "so far as I know as regards income from dividends. This is the "point I have already referred to the Central Board of Revenue".

Under the circumstances, we shall feel much obliged if you will kindly do your best for the early sanction of relief from double incometax in such cases.

---:0:---

"C O P Y"

REGISTRAR, RESIDENT'S OFFICE.

BJ

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

EIP

H 2297/23-24-2

To. dated 29.10.24 Encl

The Comm^r of Income Tax

in Mysore

Sir,

I am directed to enclose copies of the correspondence in regard to the assessment of Captain C.T. Reed to income tax in respect of certain dividends and to request you ~~to be so~~ good as to favour Govt. with your suggestions for affording relief from double income tax on dividends taxed both in British India & Mysore.

2 The existing reciprocal arrangements between the Govt. of India & the Mysore Govt do not provide for cases like the one under reference

WD 2230—GPB—1,00,000—23-7-20

and Govt. consider that some specific arrangement is necessary.

2. This reference may kindly be treated as urgent.

P Lancaster

for Secy to Govt,
Rly. Deptt

KOU

27457

I.T. 66]

In reply refer to
No. C. 279 .....
Bnc. two only.

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

Bangalore 16th December *1924*.

G.T. 23-24-3.

FROM

DIARY NO. 2264

V. R. THYAGARAJA AIYAR, ESQ., M.A.,
COMMISSIONER OF INCOME-TAX IN MYSORE.

To

K. V. Anantharaman, Esq., B.A.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

Sir,

With reference to your letter No. Fl.2297/I.T.23-24-2 dated the 29th October 1924, calling for my suggestions for affording relief from double income-tax on dividends taxed both in British India and Mysore, I have the honour to invite reference to this office letter No. C.279/20-21 dated the 29th May 1922 (copy enclosed) wherein the orders of Government have been sought regarding the assessment to income-tax of the income which accrued outside the Mysore State and has been received in Mysore and vice versa.

2. The existing reciprocal arrangements with the Government of India relate only to three out of the six heads of income chargeable to tax and it is desirable that an agreement in like manner should be arrived at with the Government of India in respect of the other three heads of income chargeable to income-tax both in Mysore and British India. The present agreement relates to (i) Salaries including pensions, (ii) Interest on securities and (iii) Business. The other heads of income taxable under the Income Tax Regulation in respect of which relief has to be given are income derived from (a) roperty,

(b) Professional earnings and (c) other sources, which includes dividends also. The question of giving relief from double taxation under these heads was raised in this office letter No. C.C.279/20-21 dated the 23rd December 1920 (copy enclosed) wherein the then Commissioner (Mr. K. Matthan) has said "it seems desirable that there should be a reciprocal arrangement under which items of income accruing in British India and received in Mysore or accruing in Mysore and received in British India should be subjected to tax only in British India and in Mysore respectively and not liable to double tax". A definite decision on this point seems necessary.

In this connection, I also invite kind reference to para 7 of this office letter No. C.18/23-24 dated 12th July 1923, wherein the Commissioner of Income Tax (Mr. A. Subramanya Iyer) has stated that "what is required seems to be an agreement, if possible, about what items are to be included and excluded for purposes of taxation."

3. As regards the levy of Mysore Income tax on the income derived by Mr. Reid by way of dividends from companies in British India, I shall address Government, if required, after examining the records.

I have the honour to be,
Sir,
Your most obedient servant,

Commissioner of Income Tax. 16/12/24

Letter No.C.279/20-21 dated the 29th May 1922 from the Commissioner of Income Tax in Mysore, to the Secretary to the Government of Mysore, Revenue Department, Bangalore.

With reference to your letter No.R.13551/I.T. dated 3rd June 1921 stating that instructions in the matter of the assessment of the Sivasamudram Jaghirdar will be issued on the receipt of a reply from the Residency on the subject of reciprocal arrangements, I have the honour to invite reference to para 6 of annexure II forwarded with Government Order No. R.6418-27/I.T. dated 18th May 1922 regarding the reciprocal arrangement and to request the favour of instructions on the point raised in this office letter No.O.C.279/20-21 dated 23rd December 1920 regarding the assessment to income-tax of the income which accrued outside the Mysore State and has been received in Mysore and vice versa.

'Copy'

For Commissioner of Income Tax.

Letter No. O.C.279/20-21 dated the 23rd December 1920 from the Commissioner of Income Tax in Mysore to the Secretary to the Government of Mysore, Revenue Department.

I have the honour to submit herewith for the orders of Government a copy of letter No.C.60/20-21 I.T. dated the 11th instant received from the Deputy Commissioner, Mysore District, in regard to the assessment to income-tax of the income of the Jaghirdar of Sivasamudram (a resident of Belakvadi in the Malvalli taluk of the Mysore District) which accrued outside the Mysore State and has been received in Mysore.

In accordance with the Rules issued by the Government under the Income Tax Regulation, the items of income referred to are clearly taxable notwithstanding the fact that they may also be liable to income-tax in British India or in the Civil and Military Station of Bangalore. But on the analogy of the arrangements referred to in para 3 of the memorandum of discussions at the Delhi Conference, it seems desirable that there should be a reciprocal arrangement under which items of income accruing in British India and received in Mysore or accruing in Mysore and received in British India should be subject to tax only in British India and in Mysore respectively and not liable to double tax.

Copy.

For Commissioner of Income Tax.

Pol. 835- No. 1-4-1925-

I.T. 23-24-4.

The Secretary to the Hon'ble
the Resident in Mysore.

S i r,

With reference to your letter No. 8070/43-1917 dated the 13th October 1924 regarding arrangements for relief from double levy of income-tax on dividends taxed both in British India and in --- Mysore, I am directed to state that the existing reciprocal arrangements between the Government of India and His Highness' Government do not apply to the case of dividends. His Highness's Government agree that it is desirable to have an understanding to collect tax in Mysore on dividends declared by Companies in Mysore on which income-tax is deducted at source in Mysore under the Mysore — Income Tax Regulation.

I have etc.,

Secy to Govt.
Rev: Deptt.

14/3/25

K.M.R.1.

by.

under wh. income from dividends accruing in Br. India & received in Mysore, & accruing in Mysore & rec'd in Br. India are subjected to Br. India tax only in Br. India & Mysore respectively.